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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 001505

SIPDIS

DOE FOR SECRETARY BODMAN  
STATE FOR G, EEB, OES, AND EAP/J  
NSC FOR PAUL BROWN AND JONATHAN SHRIER  
CEQ FOR JAMES CONNAUGHTON

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[1](#)B. TOKYO 1411  
[1](#)C. TOKYO 1476

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Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b), (d).

[1](#)1. (C) SUMMARY: The agenda for the June 8 Aomori G-8 Energy Ministerial includes the world oil and gas markets and the energy investment climate. Much of the press and public focus in Japan, however, will be on climate change and the steps Japan and other economies will take to reduce greenhouse gas emissions. The various ministries have each been responsible for organizing and running the various ministerials under Japan's G8 presidency and METI has long taken a hard-nosed attitude towards the need to include China, India, and other major emerging economies in any international framework to cut greenhouse gas emissions. However, recent high-level meetings suggest the GOJ is shifting positions on how to achieve a post-Kyoto framework.  
END SUMMARY.

Japan's Political Backdrop to Aomori  
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[1](#)2. (C) Since Japan's Ministry of Economy, Trade and Industry is organizing and running the June 7 - 8 G8 Energy Ministerial, expectations had been that GOJ positions would be largely in line with those of the U.S. METI has long opposed cap and trade. Officials there have long been

concerned with energy security and also looked at the potential for new Japanese technologies both to reduce energy use and to cut greenhouse gas emissions. With its deep ties to Japan's industry, officials have generally argued China and the other major emerging economies need to act with developed industrialized countries to cut greenhouse gas emissions. Draft statements which the U.S. has had input on include points on energy security, diversification, efficiency and investment is very much in line with U.S. interests. Working level METI officials have assured us after the Environment Ministerial that Minister Amari will not stray from these points. The U.S. will have a chance to review the proposed statements once again in a preparatory meeting in Tokyo June 4-5.

13. (C) Nevertheless, the Energy Ministerial comes two weeks after the G8 Environment Ministerial in Kobe where Japan's Environment Minister issued a Chair's Summary that did not take into account the views of all G8 members -- including those of the U.S. -- and ran counter to long-standing GOJ positions. Indications suggest a shift may be underway in the Fukuda Government's approach to energy and climate change matters. Chief Cabinet Secretary Machimura's remarks to the Ambassador (ref A, C) and statements from the Cabinet's Special Advisor on Climate Change (ref B) show top levels in the Fukuda government are considering whether the best concessions from emerging economies on the outline of a post-Kyoto climate framework, including on greenhouse gas emissions cuts, could come in the MEM Leaders' Meeting Fukuda will chair on July 9, or out of the G8. In addition, there are signs the GOJ is shifting its thinking on cap-and-trade and greenhouse gas limits, making it seem more in line with

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that of the EU than with the U.S. or Japan's long-standing position on these questions.

14. (C) The background for this shift is Japan's domestic political situation. Fukuda's approval ratings have been low for some time and continue to drop. Climate change, an issue the PM has publicly said is a centerpiece for the Summit, is an area where the government sees some hope of a publicly demonstrable accomplishment. With rumors of elections or cabinet change later in the year, observers suggest the Fukuda government seeks to leverage progress on climate to boost its political fortunes.

15. (C) In April, METI itself, long a strong opponent of cap-and-trade or mandatory greenhouse gas targets, announced it was undertaking a study of a possible mandatory domestic cap-and-trade system in Japan. (Unlike MOE, METI has long opposed Kyoto-style caps, in line with the views of the Japanese industries whose interests METI represents.) A few weeks later, Chief Cabinet Secretary Machimura -- in essence, Japan's Deputy Prime Minister -- told the press, and Japan's chief climate change diplomat confirmed privately, the PM will announce a domestic goal for reducing Japanese greenhouse gas emissions by 2050, likely 60-80% from 2000 levels.

What Japan Wants from Aomori

16. (C) Japan is now trying to come across as ambitious as possible on climate change and be seen as a leader on the issue. For some time now, Japan has been frustrated over getting little credit for action, particularly in comparison to the EU, even though Japan has one of the world's most energy-efficient economies. Since the Kyoto Protocol measures emissions reductions against 1990 -- right after Japan's economy soured and investment into energy efficiency R&D dried up -- Japan now has Kyoto targets it cannot meet. Japan is supposed to cut emissions to 6% below 1990 levels by 2012; they are now 8% above 1990 levels. Even though METI has not supported the Kyoto Protocol the way others in the government have, there could again be sudden pressure in

Aomori for a more ambitious output than the U.S. can accept -- as we saw in the Environment Ministerial.

¶7. (C) Japan's strategy to date has been to make proposals to draw "all major emitting countries" -- i.e., to include the U.S. and emerging economies such as China and India -- into a future framework, to address one of Kyoto's shortcomings. Until now we have seen this as compatible with our goals in the MEM: to involve all the most important countries in discussions on the outline of a post-Kyoto climate treaty, so that we can engage emerging economies on the commitments they have been loath to discuss in UNFCCC meetings.

¶8. (C) Yet the Environment Ministerial in Kobe went beyond this, alienating the U.S. with a proposal for a dialogue that would undermine the MEM. Even though the Foreign Ministry has assured us repeatedly that as organizer for the Lake Toya G-8 Summit, it understands the parameters of the G8 process

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and the idea ministers should not be seen issuing instructions to or circumscribing the abilities of leaders to make decisions, MOE was certainly not so circumspect in Kobe.

#### Ministerial Arrangements

¶9. (C) METI Minister Akira Amari will chair each session of the Ministerial. Secretary Bodman last met Amari on the margins of the World Economic Forum in Davos, Switzerland on January 24, 2008. In addition to the G8 Ministers, representatives from China, India, and Korea will participate in the outreach sessions. Except for the IEA, the meeting is closed to other international organizations or NGO stakeholders.

¶10. (C) METI has coordinated with key officials at DOE, State, and the White House on what Japan wants to see on climate in the negotiated Joint Statement. Officials at METI say Japan and the U.S. are on the same page on key points and that there will be no last-minute surprises on any of these issues in Aomori -- in contrast to the Environment Minister's actions at the G8 Ministerial in Kobe. Although METI supports Japan's "Cool Earth 50" proposal to halve global emissions by 2050, it does not want to promote a long-term goal, or other specifics of a post-Kyoto climate change agreement, in Aomori. Rather, METI officials want to focus discussion on how energy policy can contribute to solving the climate problem more generally. METI identifies energy efficiency, the role of nuclear power, clean technology development, and the development of innovative technology roadmaps as the key climate topics it wants to cover, and officials reiterate their sense that Japan and the U.S. have common interests in all of them. METI is not looking to discuss targets for any of these areas, nor is it looking to discuss new funding instruments or amounts of funding for climate change activities "at this moment," a METI official told embassies May 30.

¶11. (C) METI officials say they are also particularly keen to mention the sectoral approach and a new innovative technology partnership in the Ministerial statement. Japan discussed the sectoral approach with Chinese President Hu Jintao during his May visit to Japan and a METI energy white paper released last week promoted it again. Japan included the sectoral approach in the Environment Minister's Chairman's Text as well as in other recent documents, including those in connection with the May 28 - 30 Tokyo International Conference on African Development. METI officials report that in Amari's meeting with Secretary Bodman, the Minister will note eagerness to reach agreement with DOE on a joint statement to promote nuclear power, carbon capture and storage technology, zero-emission coal-burning power plants and energy from methane hydrates.

Japan also will look to address high oil prices by calling for transparency and stability in global energy markets, an improved investment climate and better cooperation with the IEA in emergency preparedness.

SCHIEFFER